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LETTER FROM THE EDITOR-IN-CHIEF



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Timing is the Key

by Dr. Alexander Laufer

When should one make decisions during project planning: early or late? Well, as the following two stories illustrate, the answer is simple: it depends.

During the design of an industrial plant, a critical decision was not addressed until late in the definition phase. The product manufactured at the plant had been packaged the same way for many years, and so the project manager assumed there would be no significant change. The product had always been released in a wrapper. The marketing department determined that a carton rather than a wrapper was now more appropriate. Although the wrapped version could be produced at the selected site, a carton version would require an additional building and entirely new equipment. Other sites had been rejected that did have the capacity for carton packaging. The sudden discovery of marketing's desire to change packaging, due to its late timing, significantly affected the execution plan, project schedule, capital cost, and the overall profitability of the project.

The next story demonstrates what can occur when decisions are made too early.

Early on in a multi-site project, the project team decided to standardize design (e.g., to use the same equipment for a given operation at all sites). This decision led to the formation of a new centralized engineering organization to replace the existing site-based organizations. By the time it was found that this design-standardizing strategy was wrong, many resources had been wasted on establishing the new engineering organization. As it turned out, the project team had actually been aware that there was no need to rush the decision on standardization at such an early stage. At the time, they had thought it "proper" to issue one complete package of all the strategies.

As you see, the timing of decisions demands careful consideration. A general rule of thumb: when information required for decision-making is incomplete or unstable, postpone the decision.